

Message Text

LIMITED OFFICIAL USE

PAGE 01 SANTIA 05468 091641Z

46

ACTION ARA-20

INFO OCT-01 ISO-00 ARAE-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 L-03 H-03 INT-08 FEAE-00 SCI-06 DODE-00

PA-04 USIA-15 PRS-01 DRC-01 /178 W

----- 074726

P 091611Z SEP 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 0199

INFO AMEMBASSY BOGOTA PRIORITY

AMEMBASSY CARACAS PRIORITY

AMEMBASSY LA PAZ PRIORITY

AMEMBASSY LIMA PRIORITY

AMEMBASSY QUITO PRIORITY

LIMITED OFFICIAL USE SANTIAGO 5468

E.O. 11652: N/A

TAGS: ECIN, EINV, CI, PE

SUBJ: CHILE'S FOREIGN INVESTMENT LAW AND THE ANDEAN PACT

1. SUMMARY: GOC BELIEVES RECENT SAEZ VISITS TO ANDEAN PACT CAPITALS WAS USEFUL ALTHOUGH OPPOSITION TO CHILE FOREIGN INVESTMENT CODE WAS NOT ELIMINATED. PROTRACTED DISPUTE ON APPLICATION OF DECISION 24 MAY OCCUR, BUT GOC DOES NOT WANT OR EXPECT ANDEAN PACT TO BREAK UP OVER THIS ISSUE. END SUMMARY

2. MINISTER ECONOMIC COORDINATION RAUL SAEZ, PEDRO DAZA, AND PEDRO CORREA (BOTH OF FOREIGN MINISTRY) HAVE ACCENTUATED POSITIVE IN VARIOUS PUBLIC STATEMENTS SINCE THEIR RETURN FROM VISIT TO CAPITALS

OF OTHER FIVE ANDEAN PACT PARTNERS. THEY CLAIM TRIP WAS A SUCCESS IN THAT VARIOUS MISCONCEPTIONS ABOUT CHILE'S FOREIGN INVESTMENT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SANTIA 05468 091641Z

STATUTE WERE CLEARED UP. PRIVATELY SAEZ ADMITS CHILE HAS A

DIFFICULT FIGHT ON ITS HANDS. IN GENERAL, HE ATTRIBUTES OPPOSITION TO FEAR BY OTHER PACT MEMBERS THAT CHILE'S LIBERAL LAW WILL ATTRACT POTENTIAL INVESTORS AWAY FROM THEIR COUNTRIES. SAEZ POINTS OUT THAT IN ADDITION PERU IS STRONGLY OPPOSED TO CHILEAN STATUTE FOR IDEOLOGICAL AND POLITICAL REASONS AND VENEZUELA, BECAUSE OF ITS HUGE FOREIGN EXCHANGE EARNINGS FROM PETROLEUM, IS NOT INTERESTED IN ATTRACTING FOREIGN INVESTMENT. OTHER PACT MEMBERS, ACCORDING TO SAEZ, HAVE ALL BEEN USING VARIOUS SUBTERFUGES TO GET AROUND DECISION 24 RESTRICTIONS. HE BELIEVES VENEZUELA AND OTHERS WILL DISCOVER THAT DECISION 24 AS IT NOW STANDS WILL KEEP OUT MANAGERIAL AND TECHNICAL INPUTS THEY WILL NEED FOR THEIR DEVELOPMENT.

3. GOC DOES NOT EXPECT MUCH TO COME OUT OF SEPTEMBER 9 PACT MEETING IN LIMA. SINCE MEANING OF DECISION 24 IS SO OBSCURE, SAEZ BELIEVES COMMISSION WILL HAVE TO ASK PACT JUNTA TO SEEK FROM EACH MEMBER COUNTRY ITS INTERPRETATION AND APPLICATION OF VARIOUS PROVISIONS. THERE IS NO AGREEMENT, HE SAYS, EVEN ON ARTICLE 1 WHICH DEFINES TERM "FOREIGN INVESTOR". GOC WILL NOT TAKE LEAD IN SEEKING CHANGES IN DECISION 14.

4. COMMENT: THERE IS NO INDICATION THAT GOC WILL BACK AWAY FROM ITS PRESENT LAW. CHILE IS PREPARED FOR EXTENDED WRANGLE IN ANDEAN PACT WHILE NEW RULES OF THE GAME EVOLVE. IT DOES NOT EXPECT NOR DOES IT WANT THIS DISPUTE TO DESTROY ANDEAN GROUP.
POPPER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT LAW, ECONOMIC COOPERATION, REGIONAL ORGANIZATIONS, MINISTERIAL VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANTIA05468
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740250-0263
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740963/aaaacbjg.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by boyleja>; APPROVED <03 MAR 2003 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHILE'S FOREIGN INVESTMENT LAW AND THE ANDEAN PACT
TAGS: ECIN, EINV, CI, PE, ANCOM, (SAEZ)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005